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THE LAW SCHOOL.

SUPREME COURT OF POW-WOW.

Life Insurance — Insurable Interest.

The case was submitted on the following facts: One Brown agreed to enter the plaintiff's employ and to serve him for the period of five years; whereupon the plaintiff insured Brown's life with the defendants for his own benefit. Brown died before the date fixed for entering plaintiff's employ, — and the defendants refuse to pay the policy on the ground that the plaintiff had no insurable interest.

Contracts of Marine or Fire Insurance, and contracts of Life Insurance, differ essentially in their nature. The former are strictly contracts of indemnity, and an insurable interest is necessary to prevent such contracts being made the means of speculation and profit. But contracts of life insurance are not contracts of indemnity. They are speculative contracts, whereby, in consideration of the payment of an annual premium, the insurers agree to pay a lump sum upon the death of the insured.[1] There is no reason why these contracts should not be enforced in all cases, — no matter what may be the relation between the insured and the assured. Yet the death of the insured is the contingency upon which the insurance money is payable, and the law must provide that these contracts do not prove an incentive to crime. This consideration of public policy is complied with if the assured at the time of taking out the policy has a reasonable expectation of pecuniary benefit or advantage from the continued life of the insured, and this is what is called an insurable interest.[2] No circumstance of loss need be taken into account, for it would be absurd to talk of one's loss in his own life, and the idea of loss in the law of life insurance is due to a misconception of the likeness between life and indemnity policies.

Has the plaintiff an insurable interest in the present case? We think that he has. He held a valid contractual relation to the insured which the law recognizes, and from which he had reason to expect a benefit. The fact that the contract relation was voidable by the insured does not alter the matter. The Statute of Frauds is an affirmative defence and personal to the insured. The defendants in this case cannot avail themselves of that defence, to rid themselves of their obligation to the assured.

LECTURE NOTES.

THE STRICT LEGAL SIGNIFICANCE OF THE TERM "EQUITABLE ESTATE." — (*From Prof. Ames' Lectures.*) — It is a misnomer to say that a *cestui que trust* has an equitable *estate* in land. What is meant by an equitable estate is, strictly speaking, not an *estate* (*i.e.*, any ownership in the *res* itself) at all, — it is a right *in personam* as distinguished from the right *in rem* possessed by the owner of a true estate. What is called a conveyance of an equitable estate is really only the assignment of a *chose in action.* Such conveyances are made without

[1] *Dalby* v. *India Ass. Co.*, 15 C. B. 365.
[2] *Conn. Mut. L. Ins. Co.* v. *Schaefer*, 94 U.S. 457, 460.